Kendek Industry Sdn Bhd v Yong Wee Hong & Ors

HIGH COURT (KUALA LUMPUR) — CIVIL SUIT NO D5–22–788 OF 1996
STEVE SHIM J
29 JUNE 1999

Patents *— Infringement — Anticipation and novelty — Construction of patents claims — Patents Act 1983 s 14(1)*

On 7 September 1993, the plaintiff filed an application for a Certificate which was granted on 5 May 1996 ('the certificate'). The certificate covered all claims in relation to movable parts which include nylon rollers to be used in the dipped latex products industry in Malaysia. The plaintiff filed a writ of summons against the defendants for infringement of the certificate. The defendants submitted that: (i) the certificate was invalid on the ground that the plaintiff had, prior to its application for the certificate, been selling and/or manufacturing nylon rollers made in accordance with the composition claims under the certificate. It was contended that the utility innovation was not new in Malaysia because it was anticipated by prior art under s 14(1) of the Patents Act 1983 ('the Act'), suggesting that there was disclosure within the ambit of sub-s (2)(a) thereof; and (ii) there was no infringement of the certificate.

Held:

(1) Although there was evidence that the plaintiff had sold and supplied the nylon rollers to other companies prior to the filing of application for the certificate, there was nevertheless sufficient evidence to show that such sales were effected from 1993 onwards. That being the position, sub-s (3)(a) of s 14 of the Act would apply. The defendants had not adduced any evidence to show that the alleged sales of nylon rollers were effected more than a year before the plaintiff filed its application for the certificate. The court found that the sales by the plaintiff were in fact effected within a year prior to the filing thereby falling within the ambit of s 14(3) of the Act in which case s 14(2)(a) would have no application. Therefore, on the evidence the court found that the defendants had not established, on balance of probabilities, that the certificate was invalid at all material times (see p 574A–D, F).

(2) The plaintiff had proved that the nylon rollers sold by the defendants fall within the composition claims under the certificate and that the defendants had manufactured and/or sold such nylon rollers without the approval or consent of the plaintiff. In the circumstances, on the evidence adduced, the court was satisfied that the plaintiff had established, on balance of probabilities, that the defendants had infringed the plaintiff's rights in the certificate (see pp 575C–I, 576A).

[Bahasa Malaysia summary

Pada 7 September 1993, plaintif memfailkan suatu permohonan untuk satu perakuan inovasi utiliti yang diberikan pada 5 Mei 1996 ('perakuan tersebut'). Perakuan tersebut meliputi semua tuntutan berhubung dengan bahagian yang boleh dialih yang termasuk penggelek nilon untuk digunakan dalam industri hasil pengeluaran lateks celupan di Malaysia. Plaintif memfailkan satu writ saman terhadap defendan-defendan kerana melanggar perakuan tersebut. Defendan-defendan berhujah bahawa: (i) perakuan tersebut adalah tak sah berasaskan alasan bahawa sebelum membuat permohonan untuk perakuan tersebut, plaintif telah menjual dan/atau mengilang penggelek nilon yang dibuat menurut tuntutan kandungan di bawah perakuan tersebut. Adalah dihujahkan bahawa inovasi utiliti bukanlah baru di Malaysia kerana ia telah dijangka di bawah s 14(1) Akta Paten 1983 ('Akta tersebut'), yang mencadangkan bahawa terdapat pendedahan dalam lingkungan sub-s (2)(a); dan (ii) perakuan tersebut tidak dilanggar.

Diputuskan:

(1) Walaupun terdapat keterangan bahawa plaintif telah menjual dan membekalkan penggelek nilon kepada syarikat lain sebelum memfailkan permohonan untuk perakuan tersebut, namun demikian terdapat keterangan yang mencukupi untuk menunjukkan bahawa jualan demikian telah dilaksanakan mulai tahun 1993. Oleh yang demikian, s 14(3)(a) Akta tersebut adalah terpakai. Defendan-defendan tidak mengemukakan sebarang keterangan untuk menunjukkan bahawa jualan penggelek nilon yang dikatakan dilaksanakan lebih setahun sebelum plaintif memfailkan permohonannya untuk perakuan tersebut. Mahkamah mendapati bahawa jualan oleh plaintif sebenarnya dilaksanakan dalam tempoh setahun sebelum pemfailan dengan itu ia dirangkumi oleh s 14(3) Akta tersebut yang mana s 14(2)(a) tidak terpakai. Maka, berlandaskan keterangan mahkamah mendapati bahawa defendan-defendan telah tidak membuktikan atas imbangan kebarangkalian bahawa perakuan tersebut adalah tidak sah pada semua masa material (lihat ms 574A–D, F).

(2) Plaintif telah membuktikan bahawa penggelek nilon yang dijual oleh plaintif dirangkumi oleh tuntutan kandungan di bawah perakuan tersebut dan bahawa defendan-defendan telah mengilang dan/atau menjual penggelek nilon tersebut tanpa kelulusan atau izin plaintif. Dalam keadaan demikian, berasaskan keterangan yang dikemukakan mahkamah puas hati bahawa plaintif telah membuktikan atas imbangan kebarangkalian bahawa defendan-defendan telah melanggar hak plaintif dalam perakuan tersebut (lihat ms 575C–I, 576A).]

Notes

For cases on infringement of patents, see 10 *Mallal's Digest* (4th Ed, 1999 Reissue) paras 1023–1026.

Legislation referred to

Patents Act 1983 ss 14(1), (2)(a), (3), 17, 36(3), 58

P Kandiah (*Lee Ong & Kandiah*) for the plaintiff.
Lim You Shyang (*Tee, Tan & Partners*) for the defendants.

Steve Shim J: In this case, the plaintiff had filed a writ of summons against the defendants for infringement of the the the Certificate relating to composition claims for movable parts ('the Certificate') such as rollers used in the dipped latex products industry, and which rollers are made from a composition of 5% to 60% fibreglass mixed with 95% to 40% polymer extracted from nylon, PC, PET, PPO, PAT and ABS and other polymers. It has been alleged that the defendants had infringed and are continuing to infringe the plaintiff's rights in the said Certificate by making, manufacturing, offering for sale, selling, distributing or using movable parts such as the rollers for use in the dipped latex products industry. The facts as disclosed in evidence can be briefly stated herein. Prior to 1993, manufacturers in the rubber gloves industry had used metal rollers as one of the movable parts in producing or manufacturing rubber gloves. In 1992, Lai Chee Fong (PW2) who was involved in the marketing of these rollers, conducted research and experiments on these metal rollers which were found to be increasingly inconvenient and problematic. He was able to develop and produce rollers made from a composition of nylon (polymer) and fibreglass which could resist intense heat of between 120°C to 200°C. In laying claim to this invention, he then filed an application for a the the Certificate on 17 September 1993 which was granted on 15 May 1996. This Certificate covers all claims in relation to movable parts which include nylon rollers to be used in the dipped latex products industry in Malaysia. Lai Chee Fong (PW2), made the application for the Certificate in the name of his company Kendek Industry Sdn Bhd ('the plaintiff company'). Thereafter the plaintiff company began marketing the nylon rollers through a sister company called Hong Lian Enterprise which was run and operated by PW2, although it was registered in the name of his wife. These nylon rollers were manufactured by two companies called KC Engineering and Koaki Enterprise with the warrant and approval of the plaintiff company. It would appear that Hong Lian Enterprise had since mid-1993 been supplying these nylon rollers to Sri Tegas Enterprise who thereafter sold them to manufacturers of rubber glove industries such as NS Uniglove, Felda etc. ... However, sometime in 1996, Sri Tegas apparently stopped ordering the nylon rollers from the plaintiff company or Hong Lian Enterprise and it somehow came to the knowledge of PW2 that Sri Tegas was perhaps selling and/or manufacturing nylon rollers in infringement of the plaintiffs the the Certificate. PW2 decided to investigate. He went to NS Uniglove, one of the customers of Sri Tegas and there he was handed two samples of nylon rollers by Prangers (PW3), the maintenance manager of

that company. The two samples bore the logo of Sri Tegas. Lai Chee Fong also directed his salesman Goh Sen Kiat, PWI to check on a company called Yoong Kuang Plastic Industry ('Yoong Kuang'), owned by the third defendant. On arrival at the office of the third defendant, Goh Sen Kiat, PW1 was able to see a number of nylon rollers on the table and he noticed they bore the logo of Sri Tegas. He did not take possession of the rollers in question. However, PW2, on being handed the two samples of nylon rollers, decided to send one of them (which has been produced and marked as exh P2) to the Plastic Technology Centre, Standards and Industrial Research Institute of Malaysia (SIRIM) for analysis on its composition. He sent the same to the Singapore Productivity and Standards Board (PSB) for further analysis. He received the reports from both SIRIM and PSB. Of these two reports. he has produced the one from SIRIM but not the report from PSB apparently because he was unable to get the expert from PSB to attend court. The SIRIM report has been produced by Dr Ahmad Fuad (PW5), the expert who conducted the analysis and who made the said report. This report exh P12 indicates that the nylon sample exhibit P2 contains nylon 6,6 (polyamides), and fibreglass. The result in the SIRIM report exh P12 was confirmed by Dr Tung Foo Fai, PW4, an expert in plastic technology. Because of the alleged infringement aforesaid, the plaintiff subsequently filed a writ of summons what was later amended against the defendants for certain declaratory reliefs, damages and costs. The the the Certificate which forms the subject matter of the action, has, as I have said, claimed a composition for movable parts in the dipped latex products industry such as rollers made from a composition of 5% to 60% fibreglass mixed with 95% to 40% polymer extracted from nylon, PC (polycarbonate), PET (polyethylene terephthalate), PPO (polyphenylene oxide), PAT (polyethylene terephthalate) and ABS (Anvyonitrite Butadiene Strylene) and other like polymers.

The defendants filed the relevant defence denying the alleged infringement and at the same time counterclaimed against the plaintiff seeking, inter alia, an order to declare the plaintiff's the the Certificate invalid. In his evidence-in-chief the first defendant has testified that he and the second defendant (who is his younger sister) were partners of Sri Tegas which had business dealings with Hong Lian Enterprise since 1993 and with the plaintiff ('Kendek Industry') since 1996 and such business included the purchase of nylon rollers; that Sri Tegas after having bought the said nylon rollers, then sold them to certain glove factories such as Mika Rubber, Felda and Top-Glove. He maintains that Sri Tegas bought the nylon roller exh P2 from a trading company called Yik Wai Trading. In cross-examination, he concedes that the business cards exhs P1 and P8 are his and that the business card exh P3 belongs to his father Thomas Yong and that the logo appearing in exhs P1, P3 and P8 is the logo of Sri Tegas and similar or identical to the logo shown in the sample nylon roller exh P2. He also confirms that Sri Tegas sold rollers such as exhs P2 to NS Uni-Glove but explains that such rollers merely formed part of an assembled product called 'Former Holder' which would then be sold to other companies including NS Uni-Glove. The evidence of the third defendant

A who was at all material times the proprietor of Yoong Kuang Plastic Industry, is quite brief. According to him, he has been a plastic material manufacturer for 10 to 20 years and that he had obtained the raw materials containing fibres from a company in Penang called YB Enterprise. He says that a Mr Chong of Yik Wai Trading had given him a sample nylon roller similar to exh P2 and was then told to manufacture rollers in accordance B with the sample which he did. He was able to produce 20,000 to 30,000 of such rollers with the logo of Sri Tegas embossed on them.

The thrust of the defendants' case can be said to be two-fold: (1) that the the the Certificate granted to the plaintiff was invalid; and (2) that there was no infringement of the said Certificate on the part of the defendants. I C will deal with them separately.

On the issue of invalidity, the burden or onus of proof lies with the defendants. Here, it has been contended that the the the Certificate granted to the plaintiff was, at all material times, invalid on the following facts, namely; (1) that the plaintiff company had, prior to its application for the D said Certificate, been selling and/or manufacturing nylon rollers made in accordance with the composition claims under the said Certificate and (2) that the knowledge of such composition claims under the said Certificate was already disclosed in books and literature and therefore known to people in the trade in which the defendants were engaged in at the material time.

In respect of (1) above, the first defendant (PW1) has testified in effect E that Sri Tegas had bought nylon rollers from Hong Lian on at least three occasions prior to 17 September 1993 the date in which the plaintiff company filed its application for the Certificate. The three purchases were reflected in the cash order invoices dated 28 July 1993, 4 August 1993 and 2 September 1993 respectively, and they were related to nylon rollers which F bore the logo of Hong Lian. Here, counsel for the defendants has submitted that since the nylon rollers made by the plaintiff were sold and used by members of the public before the plaintiff filed its application for the Certificate, the nylon rollers could not be considered a new product. As regards (2) above, counsel for the defendants contends that the nylon rollers produced by the plaintiff were nothing new because the composition made G for their production was, to use his words, 'so obvious that any manufacturer of plastic or skill person (SIC), who had such knowledge such as the third defendant, can manufacture any product with the composition of polymer and fibre.'

It would appear that the defendants are invoking the provisions of H s 14(1) and (2) of the Patents Act 1983, which stipulates:

> (1) A utility innovation is new to Malaysia if it is not anticipated by prior art.
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> (2) Prior art shall consist of —
>
> (a) everything disclosed to the public in Malaysia by written publication, by oral disclosure, by use or in any other way, prior I to the filing date or, where appropriate, priority date of the application for a certificate for a utility innovation claiming the utility innovation;

Here, counsel for the defendants has contended that the utility innovation or invention in the instant case was not new in Malaysia because it was anticipated by prior art under s 14(1), suggesting, it seems, that there was disclosure within the ambit of sub-s (2)(a) thereof. It has however to be noted that although there is evidence that the plaintiff had, through Hong Lian, sold and supplied the nylon rollers to other companies including Sri Tegas prior to the filing of its application for the Certificate, there is nevertheless sufficient evidence to show that such sales were effected from 1993 onwards. That being the position, sub-s (3)(a) of s 14 would apply. It states as follows:

> (3) A disclosure made under para (a) of sub-s (2) shall be disregarded —
>
> (a) if such disclosure occurred within one year preceding the date of the patent application and if such disclosure was by reason or in consequence of acts committed by the applicant or his predecessor in title.

In the instant case the defendants have not adduced any evidence to show that the alleged sales of the nylon rollers were effected more than a year before the plaintiff filed its application for the Certificate. In my view, the sales by the plaintiff were in fact effected within a year prior to the filing thereby falling with the ambit of s 14(3) above in which case s 14(2)(a) would have no application.

As regards the proposition that the compositions used for the manufacture or production of the nylon rollers were common knowledge to the manufacturers of plastic materials such as the third defendant before the plaintiff's claims under the Certificate, there is no evidence to support or to suggest this to be the case. Indeed, the evidence of Prangers, PW3, Dr Tung Joo Fai, PW4 and Dr Ahmad Fuad, PW5 seem to indicate otherwise.

In summary therefore, on the evidence, circumstances and for the reasons stated, I find that the defendants have not established, on balance of probabilities, that the the the Certificate granted to the plaintiff company was invalid at all material times. On the contrary, the evidence shows that the said Certificate was and is valid.

I now come to the issue of infringement. Here, the plaintiff has alleged that there was an infringement of the the the Certificate by the defendants. As such, the onus of proving it lies with the plaintiff.

Now, infringement is defined in s 58 of the Patents Act as consisting of the performance of an act referred to in s 36(3) thereof in Malaysia by a person other than the owner of the patent and without the agreement of the latter in relation to a product or a process falling within the scope of protection of the patent. And s 36(3) reads as follows:

> For the purpose of this part, 'exploitation' of a patented invention means any of the following acts in relation to a patent:
>
> (a) when the patent has been granted in respect of product:
>
> (i) making, importing, offering for sale, selling or using the product;
>
> (ii) stocking such product for the purpose of offering for sale, selling or using;

A (b) when the patent has been granted in respect of a process:

(i) using the process;

(ii) doing any of the acts referred to in para (a),
in respect of a product obtained directly by means of the process.

B In the instant case, we are concerned with claims under a the the Certificate granted to the plaintiff and the movable parts such as the nylon rollers produced or manufactured under those claims for use in the dipped latex products industry in Malaysia. What is utility innovation has been defined in s 17 of the Patents Act to mean any implement, tool, product or process C which is of practical utility by reason of its form, configuration, construction or composition and which is new to Malaysia.

Having regard to the law applicable, it is incumbent on the plaintiff to prove the following, namely; (1) that the nylon rollers sold by Sri Tegas fall within the composition claims under the the the Certificate granted on 15 May 1996; and (2) that the defendants had manufactured and/or sold D such nylon rollers without the approval or consent of the plaintiff company. As regards (1) above, the testimonies of Lai Chen Fong, PW2 and Pranges a/l Antonisamy, PW3, show sufficiently that Sri Tegas (of which the first and second defendants are partners) had been selling nylon rollers for use in the dipped latex products industry in Malaysia and that the nylon roller E produced and marked as exh P2 which bears the logo of Sri Tegas was in fact supplied by Sri Tegas to NS Uni-Glove. There is ample evidence from Dr Ahmad Fuad, PW5, and Dr Tung Joo Fai, PW4, the two experts in the field of plastic technology, to indicate that the nylon roller exh P2 contains materials within the claims under the Certificate granted to the plaintiff company.

F In respect of (2) above relating to the allegation that defendants had manufactured and/or sold the nylon rollers without the plaintiff's agreement or approval, I have stated earlier that in so far as the first and second defendants are concerned, there is ample evidence to indicate that Sri Tegas, of which the first and second defendants were partners at the G material time, had sold nylon rollers similar to exh P2 to companies including NS Uni-Glove and Felda. This is clearly reflected in the evidence of Lai Chen Fong, PW2, the proprietor of the plaintiff company and Prangers, PW3 the maintenance manager of NS Uni-Glove. As regards the third defendant, it is the plaintiff's case that Yoong Kuang Enterprise, of which the third defendant is the proprietor, had been involved in the H manufacture of nylon rollers similar to exh P2. Here, the third defendant, in his testimony, has admitted in no uncertain terms that he had manufactured plastic products such as nylon rollers but he maintains that the products were from raw materials obtained from YB Enterprise, a company in Penang. He further alleges that Yoong Kuang was instructed by a company called Yik Wai Trading to manufacture nylon rollers in I accordance with the samples of nylon rollers which bore the logo of Sri Tegas similar to exh P2 submitted to it and that so far the company had produced some 20,000 to 30,000 such rollers.

In the circumstances, on the evidence adduced I am satisfied that the plaintiff has been able to establish, on balance of probabilities, that the defendants had infringed the plaintiff's rights in the the the Certificate.

In summary, therefore I hold that the plaintiff has succeeded in its claims. I further hold that the defendants have failed in their counterclaim. I therefore order in terms prayed for in paras 7(1), (2), (3), (4), (5) and (7) of the statement of claim but only in so far as they are confined to the the the Certificate dated 15 May 1996 and the nylon rollers forming the subject-matter of this case/action.

Order accordingly.

Reported by Jafisah Jaafar